

COOLEY GODWARD KRONISH LLP  
JOHN C. DWYER (136533) (dwyerjc@cooley.com)  
JEFFREY S. KARR (186372) (jkarr@cooley.com)  
JEFFREY M. KABAN (235734) (jkaban@cooley.com)  
Five Palo Alto Square  
3000 El Camino Real  
Palo Alto, CA 94306-2155  
Telephone: (650) 843 -5000  
Facsimile: (650) 843-0663

6 Attorneys for Nominal Defendant  
Power Integrations, Inc.

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION

12 Kimberly Quaco, Derivatively on Behalf of  
Nominal Defendant POWER  
13 INTEGRATIONS, INC.,

Case No. C-06-2811-MHP

14 Plaintiff,

**STIPULATION AND [PROPOSED] ORDER  
STAYING POWER INTEGRATIONS'  
MOTION TO DISMISS TO ALLOW THE  
PARTIES TO FILE A MOTION FOR  
PRELIMINARY APPROVAL OF  
SETTLEMENT**

16 | Balu Balakrishnan, et al.

17 Defendants,

18 | Power Integrations, Inc.,

19 Nominal Defendant.

Pursuant to Northern District Civil Local Rule 6-2, Nominal Defendant Power Integrations, Inc. (“Power Integrations”) and Representative Plaintiffs Geoffrey Wren, Kimberly Quaco, and Christopher DeBoskey (“Plaintiffs”), by and through their respective counsel of record, hereby stipulate and agree to stay Power Integrations’ Motion to Dismiss to allow the parties to finalize a written settlement agreement and file a Motion for Preliminary Approval of Settlement. Under the proposed stipulation, if the parties have not filed a Motion for Preliminary Approval of Settlement by **November 30, 2007**, Power Integrations will have two weeks from November 30, 2007, to file its Motion to Dismiss and will meet and confer with plaintiff’s counsel and submit a further stipulation regarding the briefing schedule and new hearing date for

1 such hearing. This stipulation is based on the following facts:

2       **Whereas**, representative plaintiff Kimberly Quaco initiated this shareholder derivative  
3 case on behalf of Nominal Defendant Power Integrations on or about April 25, 2006;

4       **Whereas**, on May 10, 2006, the parties stipulated that plaintiff would file the amended  
5 complaint on or before May 26, 2006 and that defendants would respond to such amended  
6 complaint on or before June 26, 2006;

7       **Whereas**, representative plaintiff Kimberly Quaco filed an amended complaint on  
8 May 26, 2006. At the time of filing, counsel for Power Integrations no longer represented all  
9 individual defendants. As a result, service was not completed on all defendants at the same time.  
10 By stipulation dated June 22, 2006 (and approved by the Court), the parties agreed to an effective  
11 service date and agreed that defendants would respond to the Quaco amended complaint on or  
12 before September 12, 2006;

13       **Whereas**, on August 1, 2006, after the parties had set the service and response dates by  
14 stipulation, Kathryn Champlin initiated a shareholder derivative action on behalf of Nominal  
15 Defendant Power Integrations based upon allegations that were virtually identical to those alleged  
16 in the Quaco case. Champlin also moved to be appointed lead plaintiff in the case;

17       **Whereas**, on September 5, 2006, the Court granted Power Integrations' motion to extend  
18 the time to respond to the Quaco amended complaint until after the motion to consolidate and  
19 appoint lead plaintiff was resolved;

20       **Whereas**, on December 18, 2006, the Court appointed Geoffrey Wren as lead plaintiff  
21 and the law firm of Schiffrin Barroway Topaz & Kessler, LLP as lead counsel and ordered  
22 plaintiff to file a consolidated complaint no later than January 17, 2007;

23       **Whereas**, on February 9, 2007, April 10, 2007, and May 31, 2007, pursuant to  
24 stipulations by the parties, the Court extended Power Integrations' time to respond to the  
25 Consolidated Complaint and stayed all other activities to allow the parties to engage in informal  
26 discovery and to discuss a potential resolution of this matter;

27       **Whereas**, on August 3, 2007, pursuant to a stipulation by the parties, plaintiffs filed an  
28 Amended Consolidated Complaint;

1           **Whereas**, on September 11, 2007, and October 11, 2007 pursuant to stipulations by the  
 2 parties, the Court extended Power Integrations' time to respond to the Amended Consolidated  
 3 Complaint and stayed all other activities to allow the parties to continue to discuss a potential  
 4 resolution of this matter;

5           **Whereas**, on October 4, 2007, the parties participated in a productive mediation with the  
 6 Honorable Eugene Lynch (Ret.);

7           **Whereas**, since the mediation, the parties have been engaged and continue to engage in  
 8 negotiations with the goal of presenting a final written settlement agreement to the Court for  
 9 preliminary approval on or before November 30, 2007;

10          **Whereas**, the only scheduled events in this case are the briefing and hearing dates on  
 11 nominal defendant Power Integrations' motion to dismiss the case for failure of plaintiff to  
 12 comply with the shareholder demand requirement. No other scheduled dates will be affected by  
 13 this stipulation.

14          **Now, therefore, it is hereby stipulated**, by and between the undersigned, as follows:

15          1. Power Integrations response date and the corresponding briefing schedule to the  
 16 Amended Consolidated Complaint are stayed;

17          2. The hearing scheduled for January 14, 2008 is off-calendar;

18          3. If the parties do not file a Motion for Preliminary Approval of Settlement by  
 19 November 30, 2007, Power Integrations' response to the Amended Consolidated Complaint will  
 20 be due 14 days thereafter (December 14, 2007). If such filing becomes necessary, counsel for  
 21 Power Integrations will meet and confer with counsel for the plaintiffs and select a mutually  
 22 agreeable date for the remaining briefing schedule and hearing and submit a stipulation with such  
 23 dates for approval.

24 Dated: October 26, 2007

BORNSTEIN & BORNSTEIN

25

26 By: \_\_\_\_\_ /s/ Jonathan Bornstein  
 27 Jonathan Bornstein

28 Liaison Counsel for Lead Plaintiffs

1 Dated: October 26, 2007

COOLEY GODWARD KRONISH LLP

3 By: \_\_\_\_\_ /s/ Jeffrey S. Karr  
4 Jeffrey S. Karr

5 Attorneys for Nominal Defendant  
6 Power Integrations, Inc.

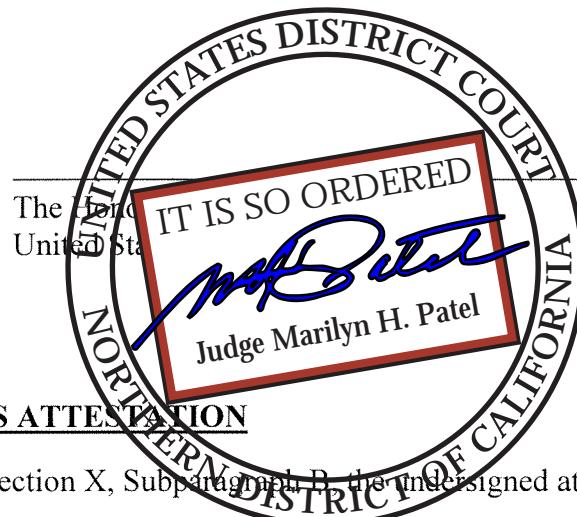
7

8 **ORDER**

9 PURSUANT TO THE STIPULATION BY THE PARTIES, IT IS SO ORDERED.

10

11 Dated: October 30, 2007



12

13

14

15

16 **FILER'S ATTESTATION**

17 Pursuant to General Order No. 45, Section X, Subparagraph B, the undersigned attests that  
18 all parties have concurred in the filing of this Stipulation and [Proposed] Order.

19

20 Dated: October 26, 2007

COOLEY GODWARD KRONISH LLP

21

22 By: \_\_\_\_\_ /s/ Jeffrey M. Kaban  
23 Jeffrey M. Kaban